

# December Quarter 2014 Results



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This presentation contains certain financial measures that are not recognized under generally accepted accounting principles in the United States (“GAAP”), including Non-GAAP EBITDA, Non-GAAP net income and free cash flow. For a reconciliation of these non-GAAP financial measures to the most directly comparable GAAP measures, see GAAP to Non-GAAP Reconciliation.

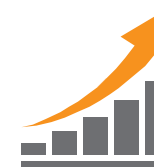
# December Quarter 2014 Highlights



**49%**  
YoY GMV  
Growth



**334MM**  
Annual  
Active Buyers <sup>(2)</sup>



**40%**  
YoY Revenue  
Growth



**US\$ 130Bn**  
12-MTH  
Mobile GMV <sup>(1)(2)</sup>



**265MM**  
Mobile MAUs <sup>(3)</sup>

Note: Unless otherwise indicated, all figures above are for the three months ended December 31, 2014

(1) Assumes 1 US\$ = 6.2046 RMB

(2) For the twelve months ended December 31, 2014

(3) For the month ended December 31, 2014; based on the aggregate mobile MAUs of apps that contribute GMV on our China retail marketplaces

# GMV

## Quarterly GMV (China Commerce Retail)

(RMB Bn)

YoY  
Growth

62%

65%

65%

64%

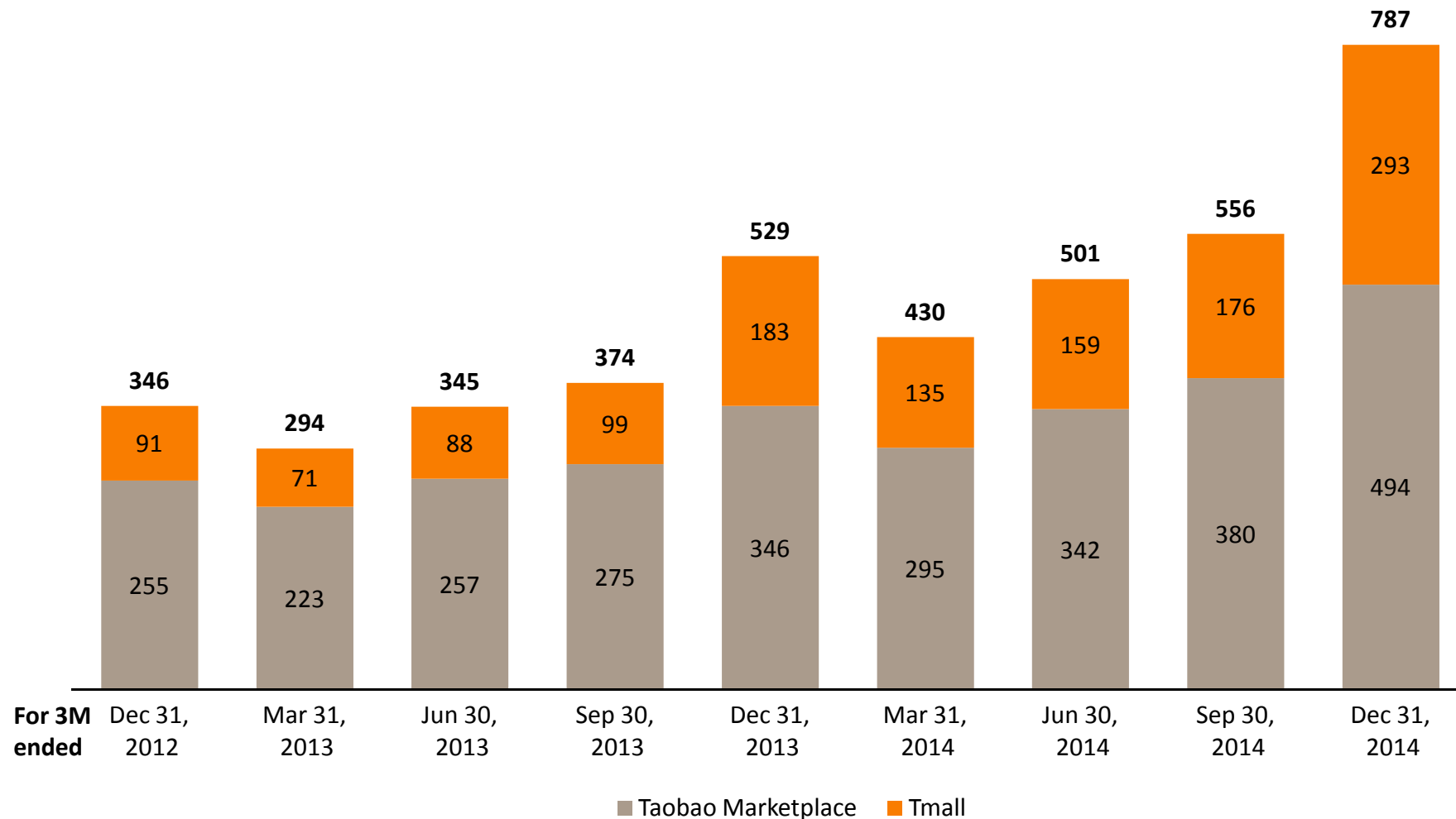
53%

46%

45%

49%

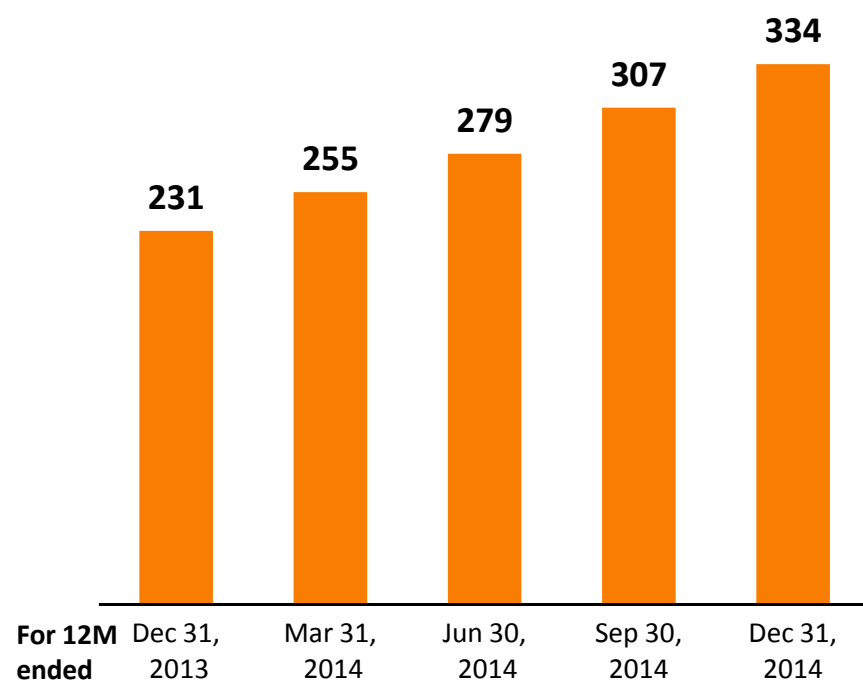
49%



# Active Buyers & Mobile MAUs

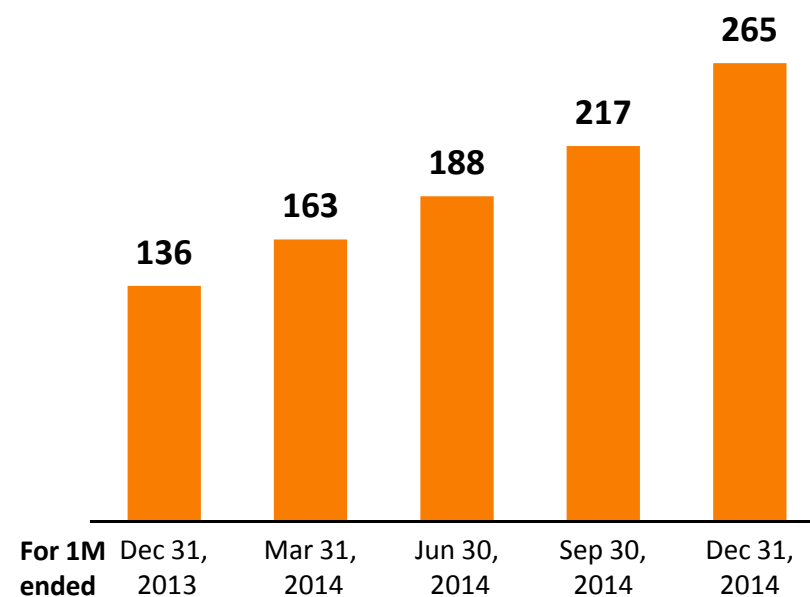
## Annual Active Buyers

(In Millions)



## Mobile MAUs

(In Millions)

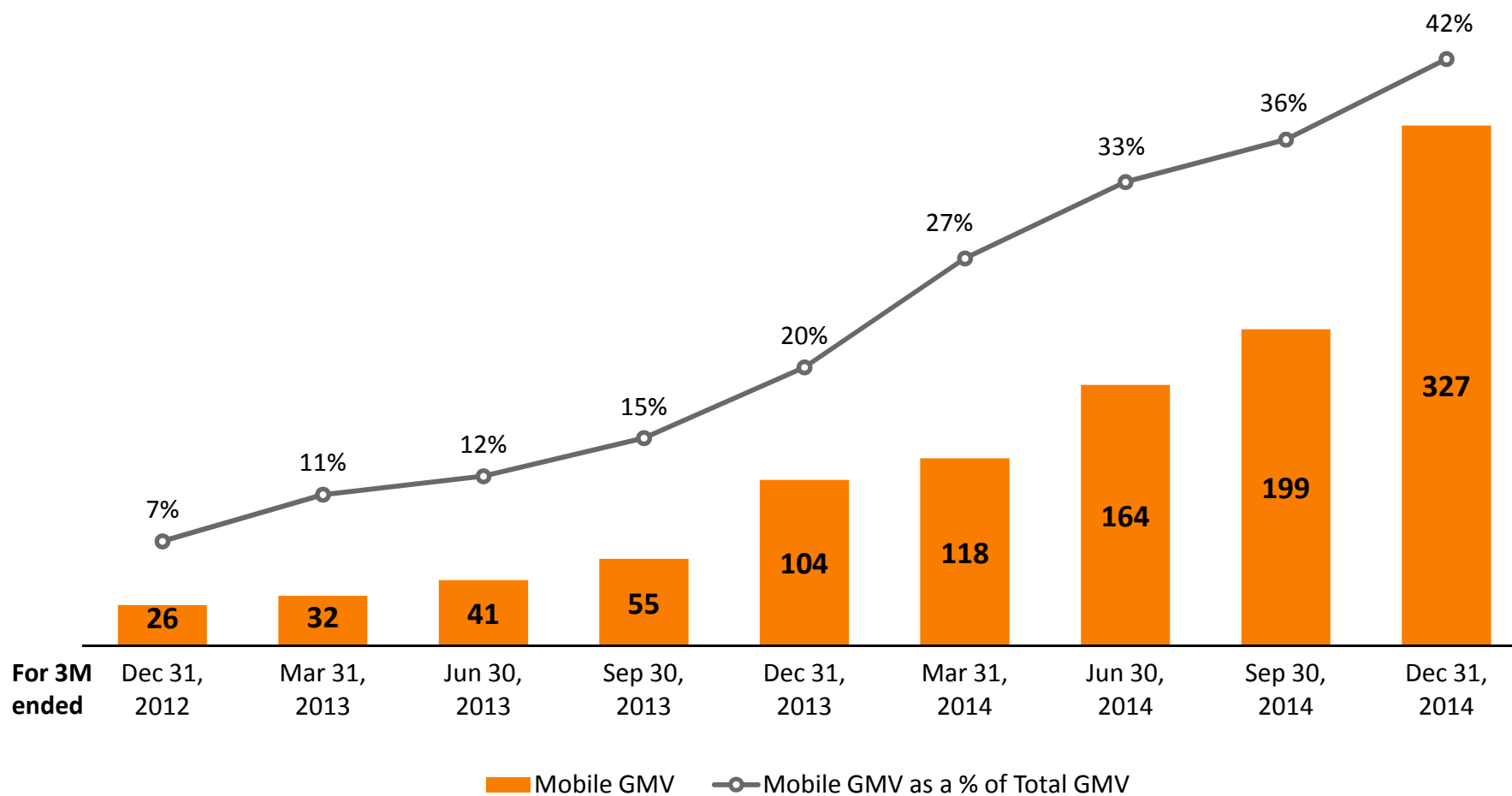


# Mobile GMV Contribution

## Quarterly Mobile GMV and Mobile Penetration (China Commerce Retail)

(RMB Bn)

(%)

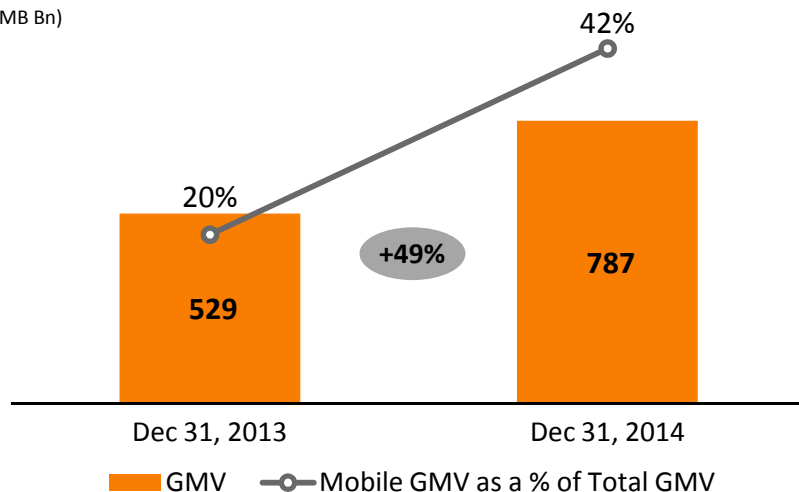


# December Quarter 2014 Financial Highlights



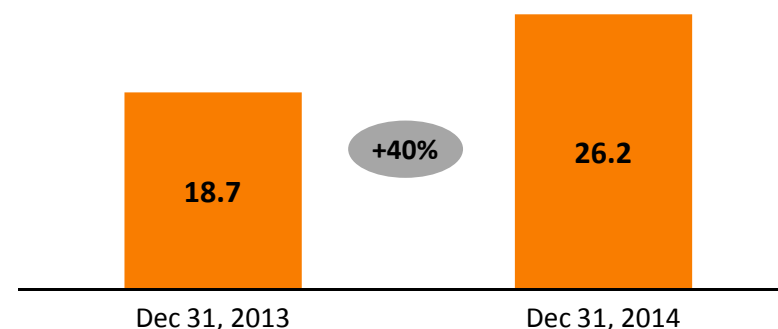
## GMV and Mobile Penetration

(RMB Bn)



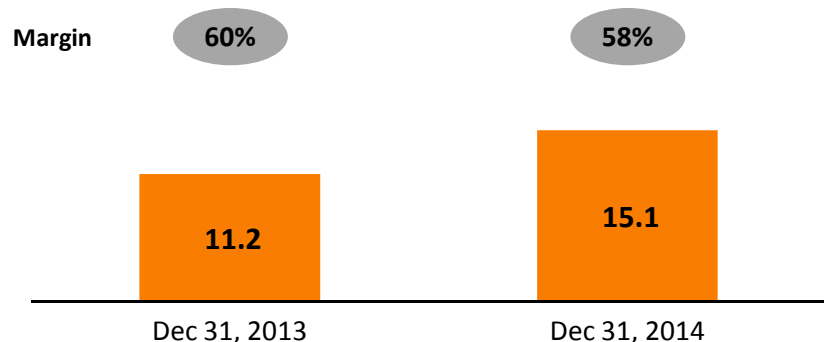
## Revenue

(%)



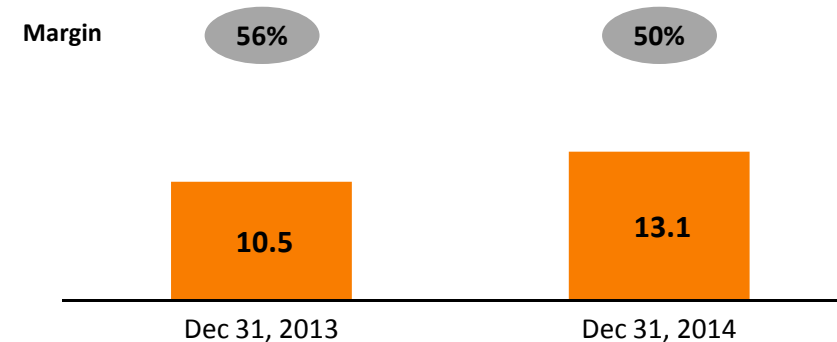
## Non-GAAP EBITDA <sup>(1)</sup> and Margin

(RMB Bn)



## Non-GAAP Net Income <sup>(2)</sup> and Margin

(RMB Bn)



Note: For the three months ended on the respective dates

- (1) Non-GAAP EBITDA represents income from operations (which excludes interest and investment income, net, interest expense, other income, net, income tax expenses and share of results of equity investees) before certain non-cash expenses, consisting of share-based compensation expense, amortization, depreciation and impairment of goodwill and intangible assets, and an equity-settled donation expense that we do not believe are reflective of its core operating performance during the periods presented.
- (2) Non-GAAP net income represents net income before share-based compensation expense, amortization, impairment of goodwill, intangible assets and investments, gain (loss) on deemed disposals/disposals/revaluation of investments, amortization of excess value receivable arising from the restructuring of commercial arrangements with Ant Financial, and one-time expense items consisting of the expenses relating to the sale of shares by existing shareholders in our initial public offering, equity-settled donation expense and an immediate recognition of unamortized upfront fees and professional fees upon early repayment of bank borrowings.



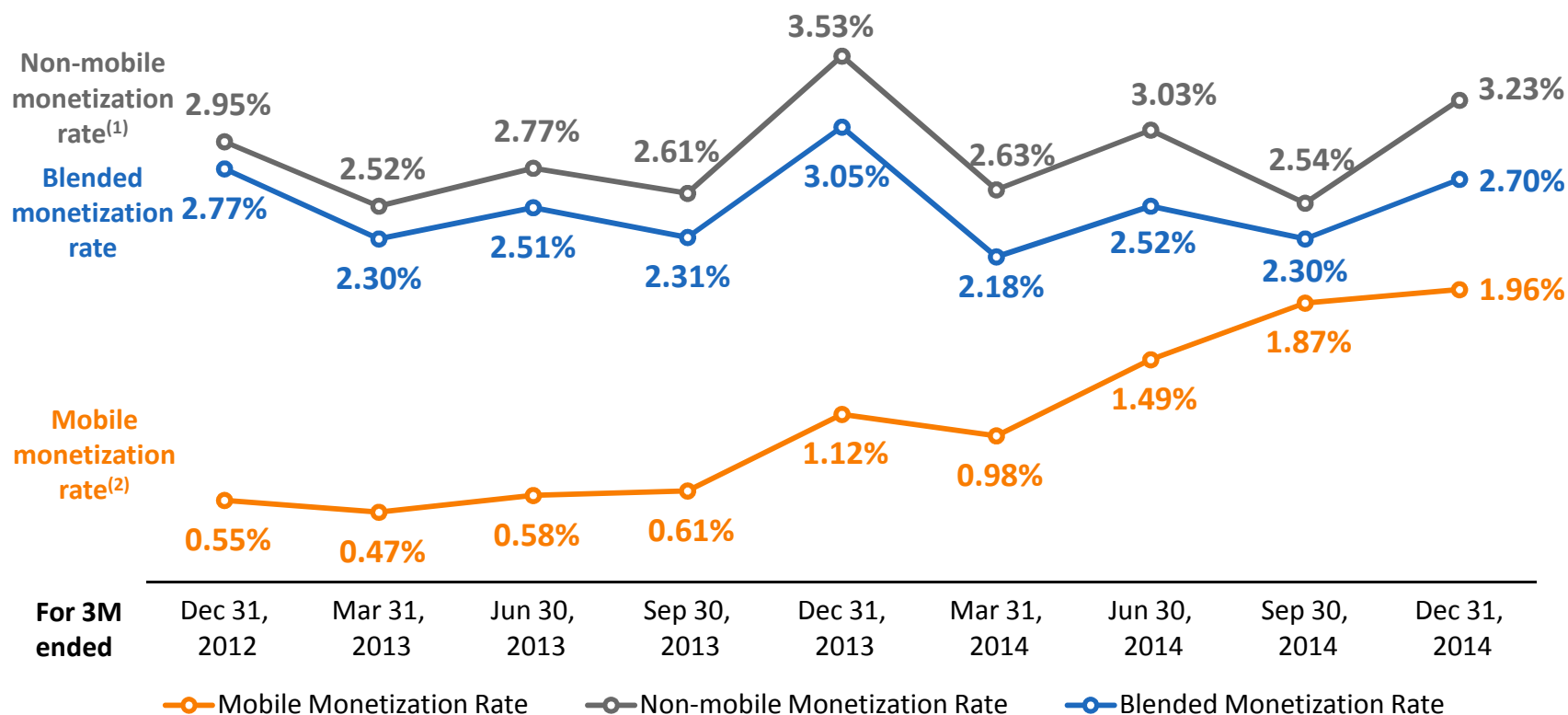
# Quarterly Monetization Rate Trends

**We manage the business for growth in GMV and active buyers, not for monetization rate**

- Blended monetization rate is lower Y/Y due to 1) a greater percentage of GMV coming from mobile and 2) lower P4P monetization on the PC interface driven by user experience improvements
- Blended monetization rate is higher sequentially due to strong GMV growth on Tmall

## Quarterly Monetization Rate (China Commerce Retail)

(%)



Notes:

(1) Derived from China commerce retail non-mobile revenue / non-mobile GMV

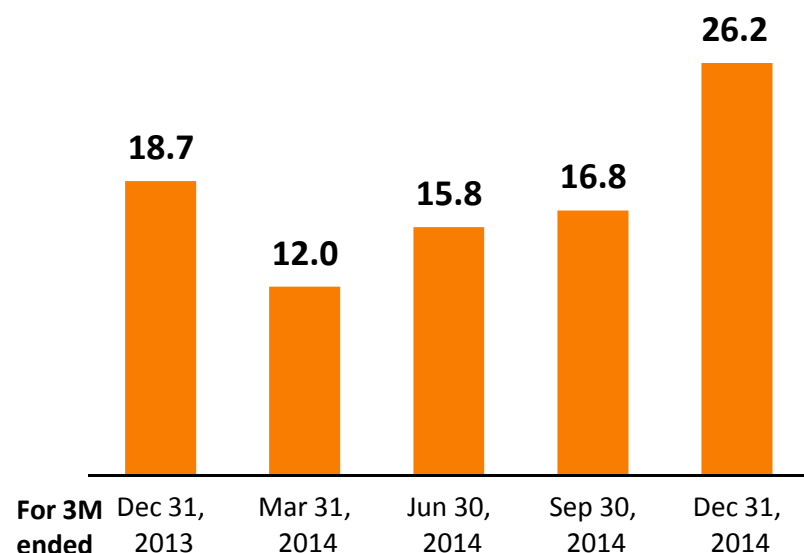
(2) Derived from China commerce retail mobile revenue / mobile GMV



# Quarterly Revenue

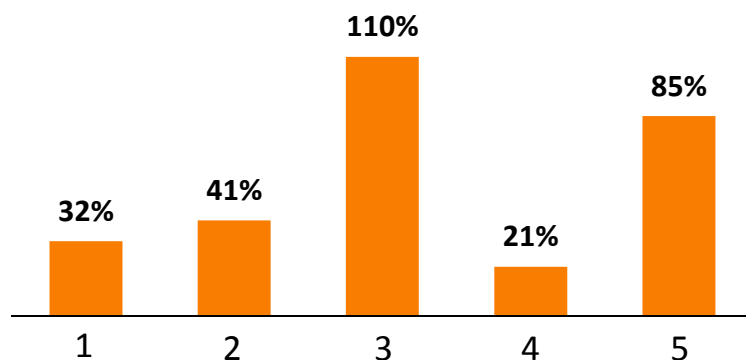
## Total Revenue

(RMB Bn)



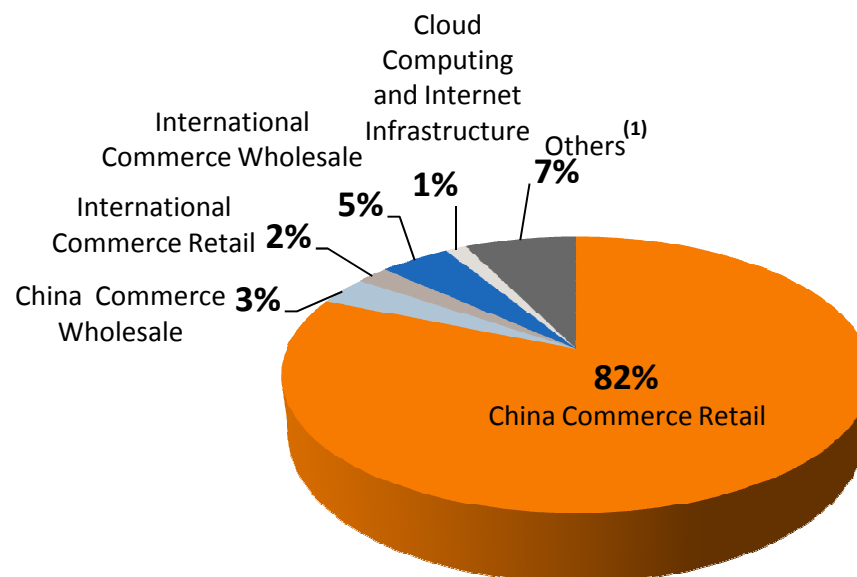
## Revenue Growth of Major Businesses

(YoY growth %)



## Revenue Breakdown by Business

(% of Total Revenue)



### For 3M ended Dec 31, 2014

(1) Other revenue mainly represents interest income generated from micro loans and revenue generated by UCWeb and AutoNavi. We expect the restructuring of our relationship with Ant Financial to close in the March 2015 quarter, upon which we will no longer consolidate revenue generated by the SME loan business in our financial results.

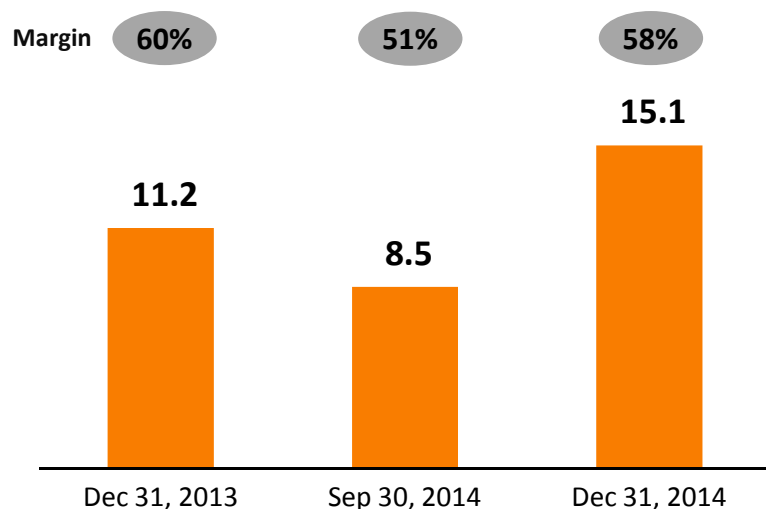
1. China Commerce Retail
2. China Commerce Wholesale
3. International Commerce Retail
4. International Commerce Wholesale
5. Cloud Computing and Internet Infrastructure

# Quarterly Margin Trends

- We don't manage a margin target
- Lower Y/Y non-GAAP EBITDA margin was due to:
  - Consolidation of acquired businesses (mainly UCWeb, AutoNavi) with lower margins
  - Investment in initiatives such as mobile OS, local services and digital entertainment
- Higher Q/Q non-GAAP EBITDA margin was primarily due to the operating leverage in this seasonally strong quarter
- We will continue to invest in new and existing businesses to drive long-term growth in GMV, new active buyers, revenue and profit

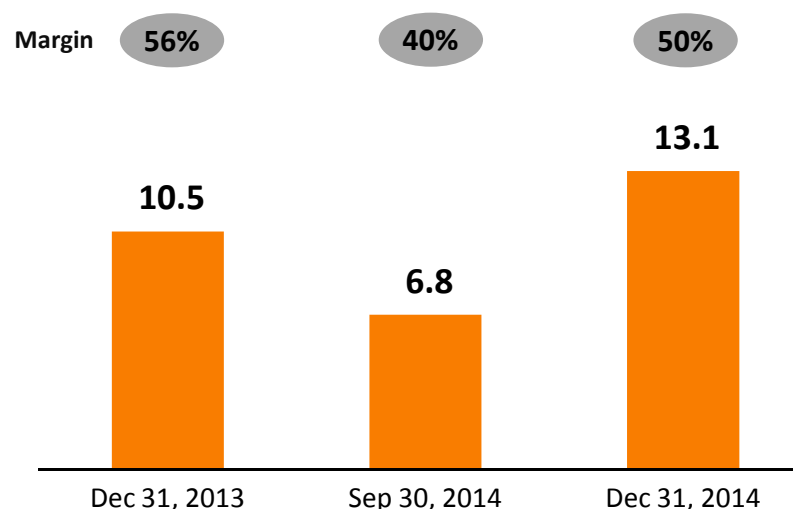
## Non-GAAP EBITDA <sup>(1)</sup> and Margin

(RMB Bn)



## Non-GAAP Net Income <sup>(2)</sup> and Margin

(RMB Bn)



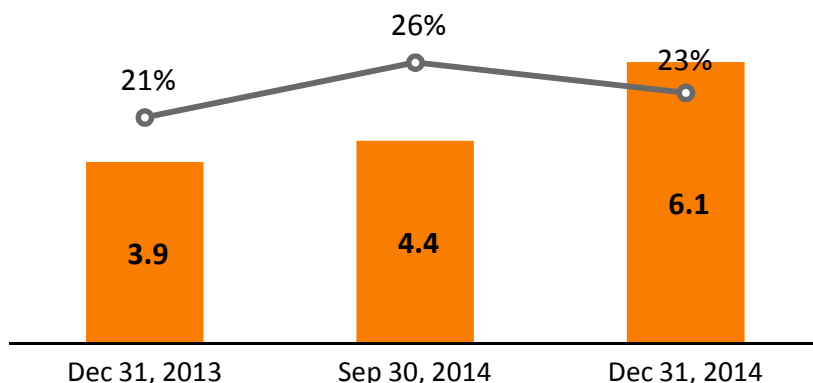
Note: For the three months ended on the respective dates

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# Quarterly Cost Trends

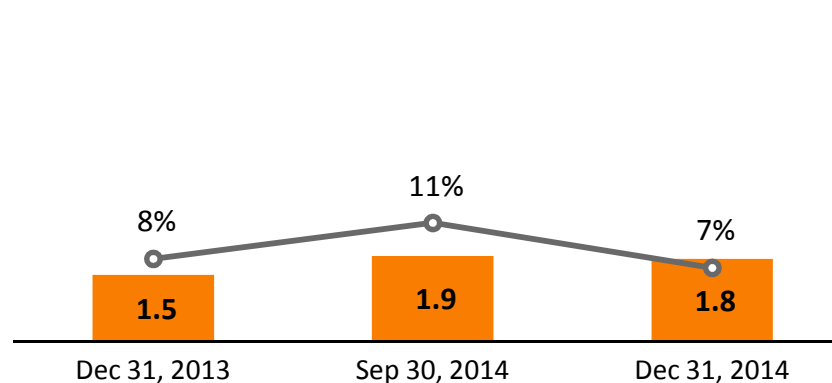
## Cost of Revenue (Pre-SBC)

(RMB Bn) (% of revenue)



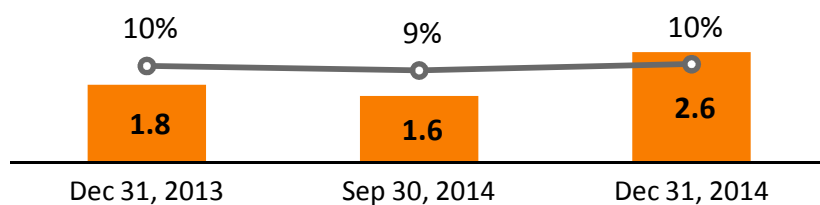
## Product Development Expenses (Pre-SBC)

(RMB Bn) (% of revenue)



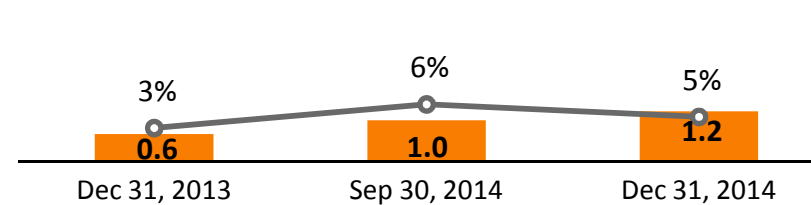
## Sales & Marketing Expenses (Pre-SBC)

(RMB Bn) (% of revenue)



## General & Administrative Expenses <sup>(1)</sup> (Pre-SBC)

(RMB Bn) (% of revenue)



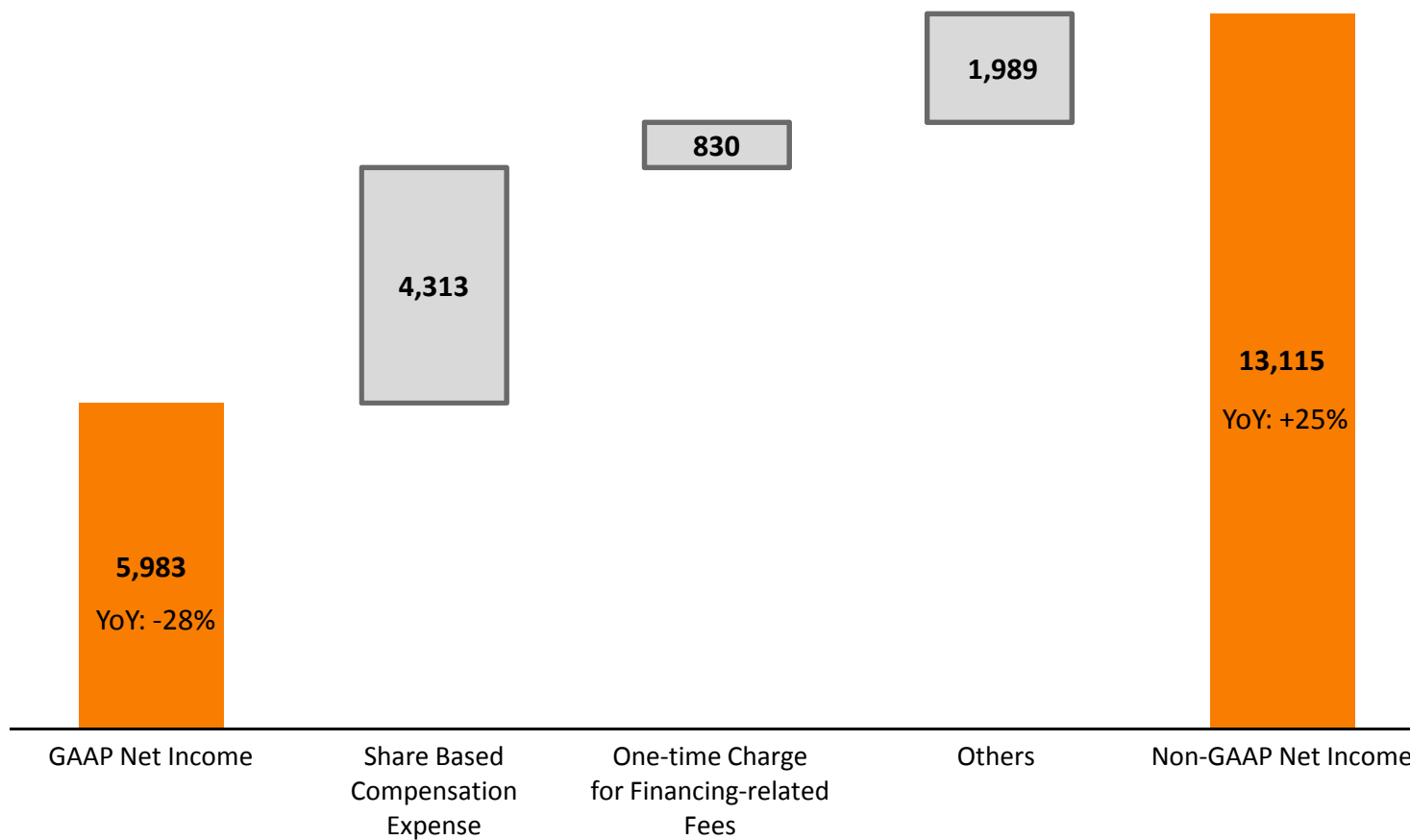
Note: For the three months ended on the respective dates

(1) Excluded equity settled donation expenses

# Quarterly Net Income

## GAAP to Non-GAAP Reconciliation

(RMB MM)

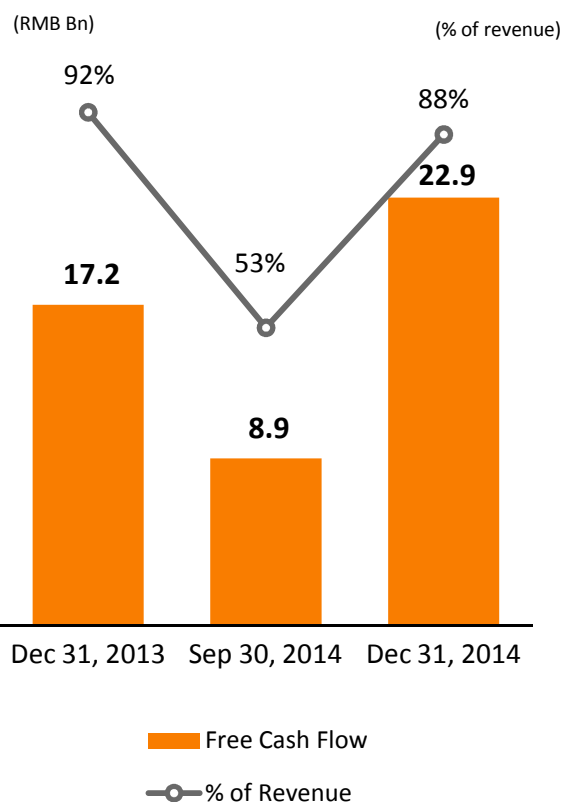


Note: For the three months ended December 31, 2014

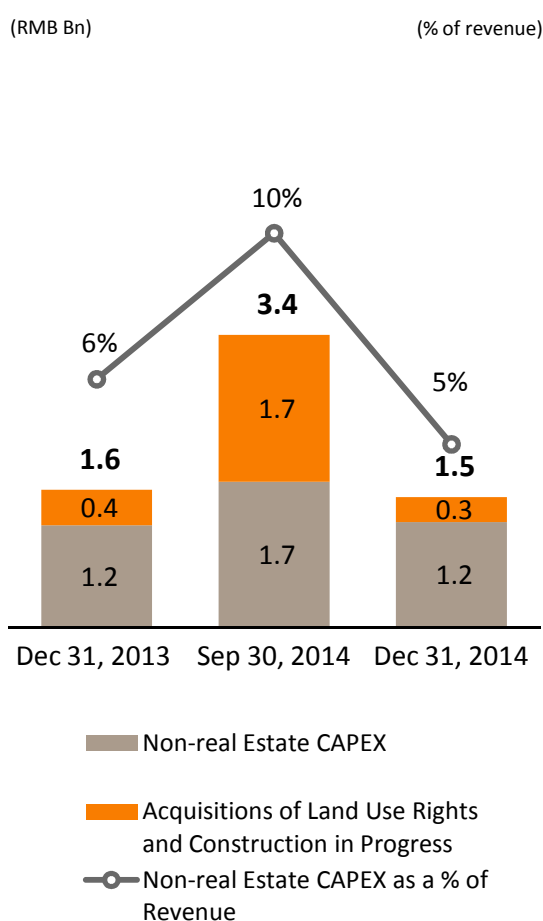
# Free Cash Flow, Capital Expenditures and Cash

- Our CAPEX decreased sequentially mainly due to decrease in acquisition of land use rights
- Non-real estate CAPEX decreased sequentially due to higher spending in the September quarter ahead of Singles Day

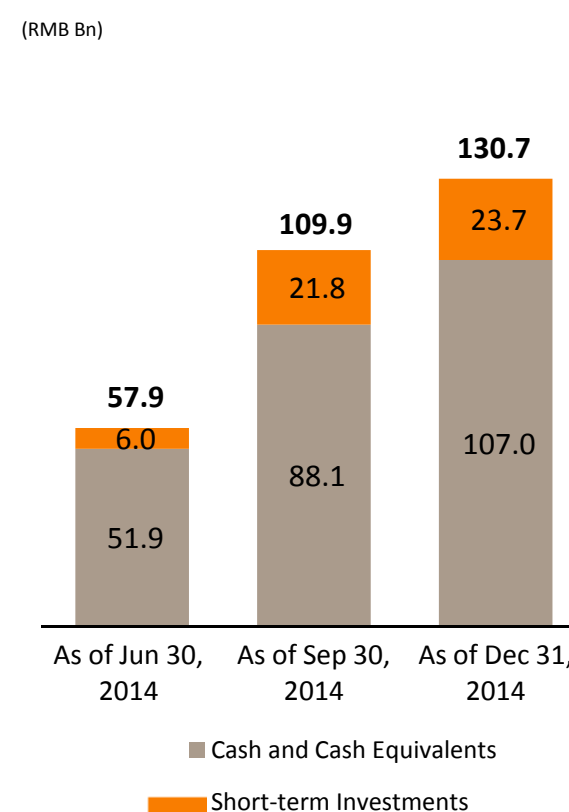
## Free Cash Flow <sup>(1)</sup>



## Capital Expenditures



## Cash, Cash Equivalents and Short-term Investments



Note: Unless otherwise indicated, all figures in the above charts are for the three months ended on the respective dates

(1) Free cash flow represents net cash provided by operating activities as presented in Alibaba Group's consolidated cash flow statement less purchases of property and equipment and intangible assets (excluding acquisition of land use rights and construction in progress) and adjusted for changes in loan receivables relating to micro loans of its SME loan business.

# GAAP to Non-GAAP Reconciliation



RMB MM	For the Three Months Ended		
	Dec 31, 2013	Sep 30, 2014	Dec 31, 2014
<b>Non-GAAP EBITDA</b>			
Income from operations	8,801	4,345	9,347
Add: Share based compensation expense	659	3,010	4,313
Add: Amortization of intangible assets	123	598	614
Add: Depreciation and amortization of property and equipment and land use rights	394	540	654
Add: Impairment of goodwill and intangible assets	-	-	175
Add: Equity-settled donation expense	1,269	-	-
<b>Non-GAAP EBITDA</b>	<b>11,246</b>	<b>8,493</b>	<b>15,103</b>
<b>Non-GAAP net income</b>			
Net income	8,357	3,030	5,983
Add: Share based compensation expense	659	3,010	4,313
Add: Amortization of intangible assets	123	598	614
Add: Impairment of goodwill, intangible assets and investments	55	-	1,032
Add: (Gain) loss on deemed disposals /disposals/revaluation of investments	-	(60)	241
Add: Amortization of excess value receivable arising from the restructuring of commercial arrangements with Ant Financial	-	35	66
Add: Expenses relating to the sale of shares by existing shareholders in initial public offering	-	195	36
Add: Equity-settled donation expense	1,269	-	-
Add: Immediate recognition of unamortized upfront fees and professional fees upon early repayment of bank borrowings	-	-	830
<b>Non-GAAP net income</b>	<b>10,463</b>	<b>6,808</b>	<b>13,115</b>
<b>Free cash flow</b>			
Net cash provided by operating activities	14,922	5,865	19,408
Less: Purchase of property, equipment and intangible assets (excluding land use rights and construction in progress)	(1,187)	(1,693)	(1,222)
Add: Changes in loan receivables, net	3,428	4,766	4,738
<b>Free cash flow</b>	<b>17,163</b>	<b>8,938</b>	<b>22,924</b>



**Alibaba Group**  
阿里巴巴集团

